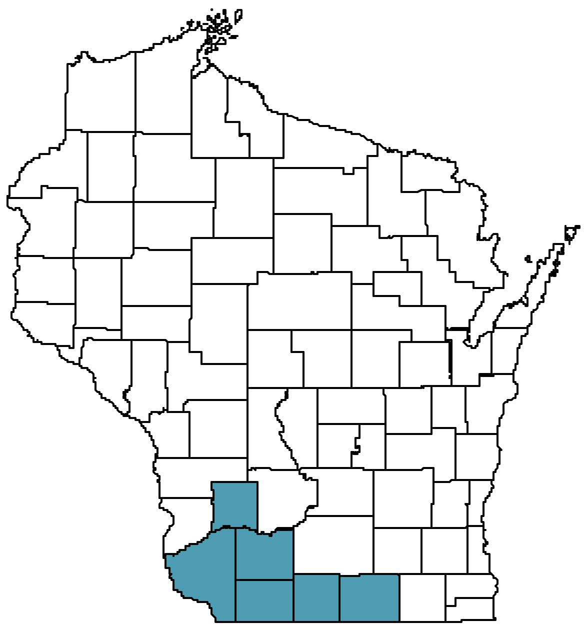
Workforce Development Area Profile

Southwest Wisconsin

Grant, Green, Iowa, Lafayette, Richland, and Rock Counties.



The labor market is a constant ebb and flow of supply and demand. Too little demand for workers creates too much supply and unemployment increases. But too little supply of workers means job vacancies and lack of employment growth.

Every Workforce Development Area in the state should anticipate a tight labor supply condition by the end of the next decade. Planners in each area must understand the unique set of employment characteristics in their region to development a strategy to meet a future where demand will exceed supply.

William Brockmiller
Regional Labor Market Analyst
608.785.9337
william.brockmiller@dwd.state.wi.us

State of Wisconsin
Department of Workforce Development
January 2003

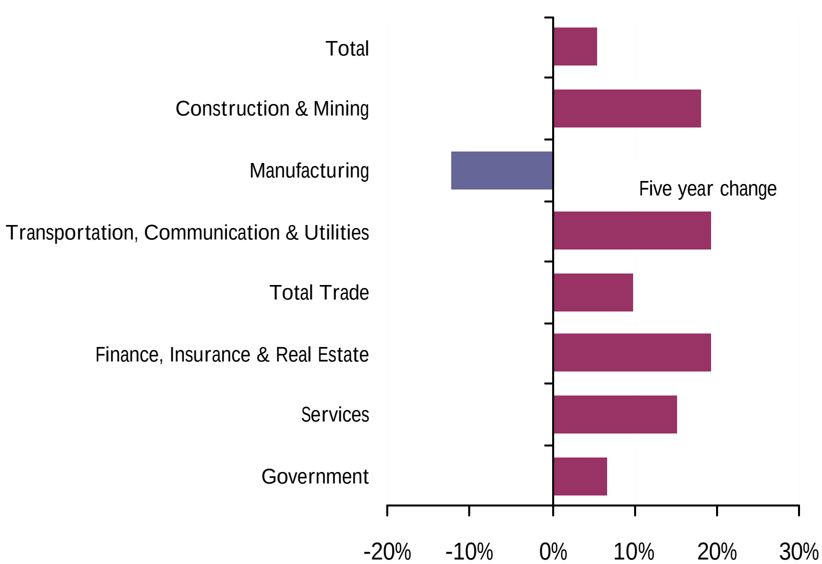
- The Demand for Workers -

Southwest Wisconsin Employment

Employment and the demand for workers in Southwest Wisconsin are defined by the types of jobs created by local employers. Those employers, in turn, are defined by the product or service they produce. At least that's the way it has been for the last seventy years. In 2003 the industry coding system for employers, used to publish employment estimates for states, metropolitan areas and counties, will change from Standard Industry Classifications (SIC) to the North American Industry Classification System (NAICS). The tables and graphs in this publication will be the last look at industry employment using the old, and familiar, system.

From 1996 to 2001 the number of jobs with employers located in the six county region of Southwest Wisconsin increased 5.5 percent from 118,172 to 124,633. The largest percent increase in employment (26.8 percent) occurred in the transportation, communications, and public utility industry. The numeric increase in transportation, communications, and public utilities during the five year time period was 838 jobs.

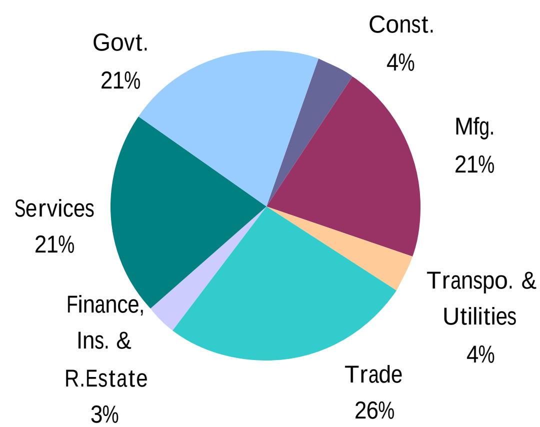
Southwest Wisconsin
Employment Change by Industry Division: 1996 to 2001



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

The largest numeric increase in jobs, however, occurred from service industry. From 1996 to 2001, 3,750 jobs were created by service industry employers and total employment of 28,332 in the services industry in 2001 set a new high. In 2001, for the first time, service industry employment surpassed manufacturing employment in the six county area. The industry is large because it includes a wide variety of employers (this will change under NAICS). The largest group of services industry employers, health care providers, created most of the new jobs in the last five years. The division also includes a myriad of business services from accounting to telemarketing and temporary help agencies. It also includes resorts, motels, and auto repair shops.

Southwest Wisconsin Industry Distribution: 2001



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

The service industry division also includes a myriad of business services from accounting to telemarketing and temporary help agencies. It also includes resorts and motels and auto repair shops.

Manufacturing employers, long considered the backbone of local economies, watched as demand

SIC	SIC divisions	NAICS* sectors	NAICS*
Agriculture, Forestry, and Fishing	01-09	11	Agriculture, Forestry, Fishing & Hunting
Mining	10-14	21	Mining
Construction	5-17	22	Utilities
Manufacturing	20-39	23	Construction
Transportation, Communication, and Utilities	40-49	31-33	Manufacturing
Wholesale Trade	50-51	42	Wholesale trade
Retail Trade	52-59	44-45	Retail trade
Finance, Insurance, and Real Estate	60-67	48-49	Transportation & Warehousing
Services	70-89	51	Information
Public Administration	91-97	52	Finance & Insurance
		53	Real Estate, Rental & Leasing
		54	Professional, Scientific & Technical Services
		55	Management of Companies & Enterprises
		56	Admin, Support, Waste Mgmt. & Remediation Srv.
		61	Education services
		62	Health care & Social assistance
		71	Arts, Entertainment & Recreation
		72	Accommodation & Food Services
		81	Other services (except Public Administration)
		92	Public Administration

*North American Industry Classification System

What is NAICS and how is it different?

for their product eroded and employment declined by 12.3 percent in Southwest Wisconsin during the 1996-2001 time period. The numeric decline in manufacturing employment in Southwest Wisconsin was 3,750. Statewide manufacturing jobs declined 2.2 percent during this time period.

During the five year time period, the second fastest employment growth rate was recorded by the finance, insurance, and real estate industry. The percentage increase in employment in the finance, insurance, and real estate industry was 19.2 percent. During the five-year period nearly 650 finance jobs were added to the Southwest Wisconsin total. About 400 of those 650 new jobs are found in Grant County; due to the creation and expansion of an insurance claims processing center in the county.

NAICS, North American Industry Classification System, uses the same payroll reports completed by employers under the existing SIC (Standard Industrial Classification) system but classifies employers (employment and payroll) into more sectors. Unlike SIC, which was based on **what** was produced, NAICS is designed to focus on **how** products and services are created. Another major change occurs with wholesale and retail trade where NAICS transitions the focus to what the establishment **does** rather than **to whom** it sells. NAICS also creates new sectors for some of the old retail trade industry groups, like restaurants.

NAICS is not an update of SIC but a completely new system and will provide a better look at where people work and what industries are growing. Because it is a completely new system creates some problems in reconstructing time series data.

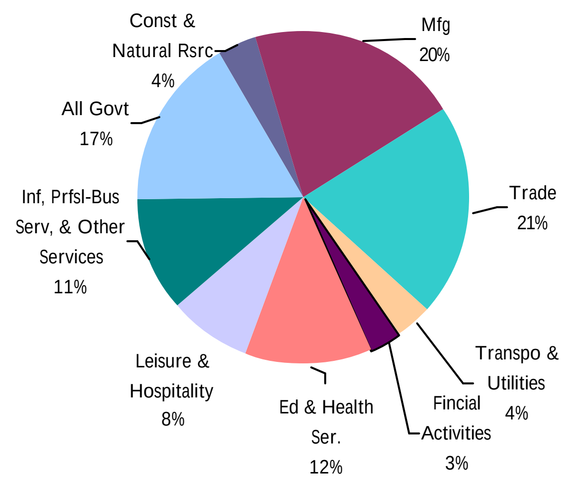
NAICS will provide a much better look at the hospitality, healthcare and other service industries previously lumped together. In Southwest Wisconsin this means the ability to finally track employment changes accommodation and food services but it also means that the old retail trade division cannot be used for comparison. Roughly 9,750 jobs with eating and drinking establishments will be reassigned from retail trade into new sectors in Southwest Wisconsin.

The transition from SIC to NAICS began in 1997 with the Economic Census. However, the monthly Current Employment Statistics program, responsible for the monthly nonfarm wage and salary employment tables for counties, will inaugurate NAICS in 2003.

During the first year of the conversion only 2002 and 2003 employment estimates will be produced for counties while state and metropolitan area estimates will be revised back to 1990.

Employment estimates for counties will not be produced for each of the new 19 sectors in every county. In many counties the sectors will be too small to produce reliable estimates. There will be combinations, but hopefully, those combinations will provide more insight than the old SIC groups. The graph on this page includes the groups that will be used for monthly employment estimates for counties. The graph is based on March 2002 payroll data and initial benchmark editing. The benchmark process includes adding employment not covered by the Wisconsin Unemployment Insurance law such as jobs with parochial schools, churches, work-study and work experience programs, and railroads.

Southwest Wisconsin NAICS Industry Distribution: 2002



Source: DWD, Labor Market Information Section, ES-202, Jan. 2003

Because of the new arts, entertainment & recreation and accommodation & food services sectors NAICS estimates will provide some insight to employment changes in the tourism industry. Employers from the new sectors are included in the leisure and hospitality group. In Southwest Wisconsin employers in the group provide roughly nine percent of all jobs (11,900) in 2002.

Another new group, education & health, tracks employment changes primarily in health care and social assistance services since education here includes only private institutions. In March, 2002, employers in this group provided 12 percent of the jobs, roughly 14,500, in the region. This will be an important group to watch since jobs in health care are among the fastest growing in the country and region.

Another new conglomerate, the information, professional and business services and other services group was formed in part to help identify many of the new-economy jobs. This group is larger statewide than it is in the region because more job opportunities for information and business professionals exist in metropolitan areas than in rural areas. Statewide, over 15 percent of the jobs are in this group, as apposed to 11 percent of all work in Southwest Wisconsin.

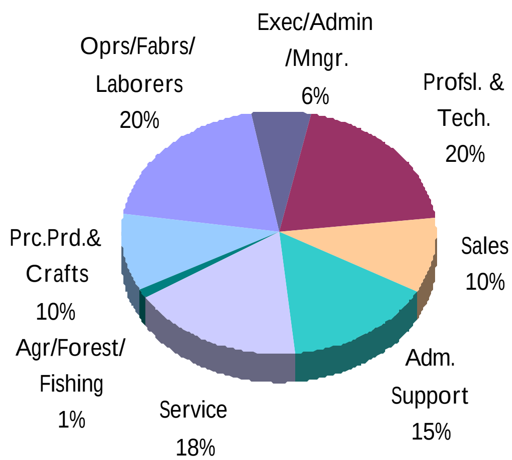
The financial activities group, with only three percent of the region's jobs, also has a lower share than in the state. Employers in financial activities, especially those with corporate offices, are a good source of professional jobs. In the Southwest region, however, many of the jobs in financial activities are clerical.
The region has a slightly higher share of jobs in government (17 percent) compared with the state (16 percent). One of the reasons is that government in the region includes a higher concentration of technical colleges (Southwest Technical and Blackhawk Technical). With universities and technical colleges comes a greater demand for teachers and administrative staff.

One can begin to see that the types of industry in an area determines the kinds of occupations needed to fill those jobs. The occupational mix of jobs with employers will not change even though those employers may now be grouped in new industry sectors. For instance, nurses will still work for health care providers and as those employers grow so will the demand for nurses.

The occupation projections for Southwest Wisconsin were completed in 2001 and are still a valid indicator of trends in the demand for workers in the area (next page). An understanding of the occupational needs of an area begins with a good understanding of the industries and the occupations that are employed by those industries. Some of those industries, like schools and restaurants, are common in nearly every community in the region and many of the occupations in these industries, teachers and waiters, are generally known to everyone.

The US Bureau of Labor Statistics coordinates an annual survey of businesses to collect information on occupations in each state.

Southwest Wisconsin Occupations in 2008



Source: WI DWD, Bureau of Workforce Information, 2001

The table below is a list of the 25 occupations projected to have the most annual openings in the ten-year projection period. The number of annual openings includes those created as new jobs by employers and those created when workers leave the occupation to start new careers or leave the workforce.

In Southwest Wisconsin there is a tie for the largest occupational group between the operators/laborers and professional/technical occupational clusters. Traditionally, Southwest Wisconsin has been a cornerstone of Wisconsin's manufacturing strength. However, as detailed on the preceding pages, that cornerstone has been eroding in Southwest Wisconsin.

The operators, fabricators, and laborers group includes many jobs where a short training program is adequate

Occupations with the Largest Number of Annual Openings Due to Growth and Separations
WDA11-Southwest: Grant, Green, Iowa, Lafayette, Richland, Rock

Occupational Title	1998-2008 Growth	Percent Change	Est. Average Annual Openings Growth	Separations(1)	Total(2)	Education and Training Typically Required(3)
Cashiers	460	14.3%	46	140	186	Short-term on-the-job-training
Retail Salespersons	550	15.0%	55	124	179	Short-term on-the-job-training
Waiters & Waitresses	220	10.4%	22	116	138	Short-term on-the-job-training
Office Clerks, General	480	16.4%	18	81	99	Short-term on-the-job-training
Food Prep/Service Workers, Fast Food	140	9.7%	14	80	94	Short-term on-the-job-training
Assemblers & Fabricators, NEC	370	11.6%	37	57	94	Short-term on-the-job-training
General Mgrs & Top Execs	370	12.0%	37	54	91	Work exp. plus bachelor's or higher dgr.
Food Preparation Workers	120	9.0%	12	74	86	Short-term on-the-job-training
Teachers, Secondary School	290	19.6%	29	47	76	Bachelor's degree
Registered Nurses	400	19.3%	40	34	74	Associate degree
Police Patrol Officers	380	33.0%	38	31	69	Long-term on-the-job training
Truck Drivers, Heavy	310	14.6%	31	31	62	Postsecondary vocational training
Hand Packers & Packagers	280	21.9%	28	31	59	Short-term on-the-job-training
Nursing Aides/Orderlies/Attendants	320	16.6%	32	27	59	Short-term on-the-job-training
Janitors & Cleaners	90	5.2%	9	38	47	Short-term on-the-job-training
Helpers/Laborers/Movers, NEC	110	9.4%	11	36	47	Short-term on-the-job-training
Shipping/Receiving/Traffic Clks	240	17.1%	24	23	47	Short-term on-the-job-training
Order Fillers, Wholesale/Retail	330	55.9%	33	14	47	Short-term on-the-job-training
Teachers, Elementary School	130	9.2%	13	33	46	Bachelor's degree
Laborers, Landscaping/Groundskeep	190	22.6%	19	25	44	Short-term on-the-job-training
Hand Workers, NEC	50	3.5%	5	38	43	Short-term on-the-job-training
Admin Support Supervisors	180	17.5%	18	23	41	Work exp. in related occupation
Marketing/Sales Supervisors	210	15.7%	21	18	39	Work exp. in related occupation
Truck Drivers, Light	220	19.3%	22	16	38	Short-term on-the-job-training
Systems Analysts	360	94.7%	36	2	38	Bachelor's degree

(1) Separations are an estimate of how many job openings there will be in each occupation due to people permanently leaving an occupation.
Openings that occur due to people changing employers but remaining in the same occupation are not included.
(2) Total openings are an estimate of how many new entrants are needed in the occupation.
(3) Typically required means this is the most common way people are expected to enter the occupation.
Other notes: Self-employed, unpaid family workers and work-study students are not included. Railroad workers are not included, except in WDAs 7 and 8.

Source: WI DWD, Bureau of Workforce Information, 2001 for most workers. This occupational group has a greater share of workers than in the state. It includes assemblers, truck drivers, machine operators and packagers. Nearly all of the jobs in this group are with manufacturers, but some, like bus and truck drivers and forklift operators are found in other industries. Only nine occupations from this grouping appear on the top 25 list, however, because manufacturing is not increasing as fast as other industries.

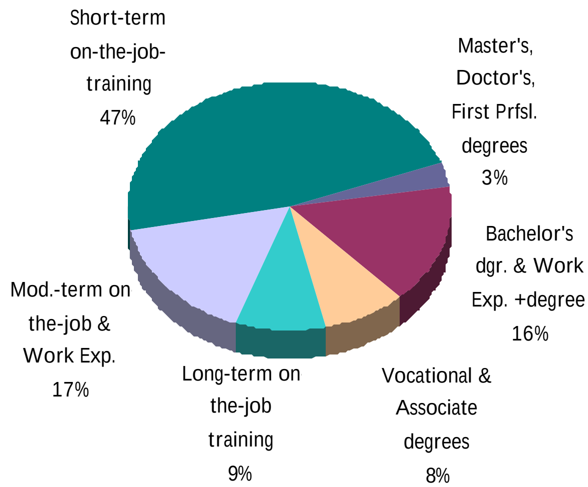
In contrast, the professional/technical occupations in the region are an occupational cluster experiencing growth. It is quite likely that next time this report is written the professional/technical cluster will be clearly the largest occupational cluster in Southwest Wisconsin. Most of the occupations in this group require training beyond high school.

Nearly as large is the service occupations group. This group includes the waiters, cooks, food prep. workers and bartenders who are employed in the region's abundant restaurants and bars. Eight occupations from the service group are included on the list of the occupations with the most projected openings. For five of the eight occupations the number of openings from separations greatly exceeds the number generated by growth. While employers have come to expect some post-secondary training for these jobs, most workers are able to function in the jobs with only a short training period.

About 65 percent of the job openings projected over the ten-year period listed on the 25 jobs with the most openings list in Southwest Wisconsin require only short-term on the job training (less than 1 month); and, 11 percent require only a moderate training period (1-12 months). However, in recent years many employers have turned to technical schools to provide both short- and moderate-term training.

According to Census 2000, roughly 41 percent of the population in Southwest Wisconsin has only a high school diploma and 16 percent have less than that. That means that 43 percent of the population has some education beyond high school and of those, 16 percent have a 4-year college degree or better. That's a tight fit when you consider that 20 percent of the jobs in the region are in professional and technical occupations. It is difficult to compare the existing educational attainment of the population with current, or future, demand because employer requirements are changing for new entrants and the current data reflects a workforce that includes

Annual Openings in Southwest Wisconsin

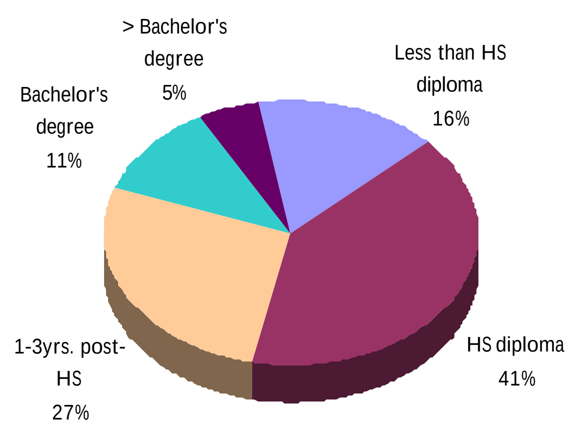


Source: WI DWD, Local Workforce Planning Section, 2001

both younger and older participants.

One immediate conclusion to be drawn from this distribution is the high percentage of the population that lists the earning of a high school diploma as their highest level of education. This high percentage is common in areas with a strong concentration in manufacturing. The significant percentage of the population who had completed between one and three years of education following high school, in contrast to those who have earned at least a bachelor's degree, is also typical of an economy with a traditional focus. The presence of the high number of individuals completing some postsecondary education can be attributed, in part, to the strong technical college system in Southwest Wisconsin.

Education Attainment in 2000 in Southwest Wisconsin



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

- The Supply of Workers-

Southwest Wisconsin Population

During the first two years of the new millennium, Southwest Wisconsin's population increased 1.2 percent, a half of a percentage point away from keeping pace with state and national growth rates.

Rock County accounts for 52 percent of the six country population total and 53 percent of nonfarm employment in the region. Five of the ten largest municipalities in Southwest Wisconsin are located in Rock County; two in Grant County; and one each in Green, Iowa, and Richland Counties. Together, these ten municipalities account for 50 percent of the six county area's population.

Increase in Southwest Wisconsin's population between the 1990 and 2000 Censuses was strong. The 1990 Census reported Southwest Wisconsin's total population at 272,860. The population total reported for Southwest Wisconsin from Census 2000 was 292,392, an increase of 19,532 and a 7.2 percent growth rate. However, population grow in Southwestern Wisconsin did not keep pace with state or national growth. During the 90s decade the national population grew by 13.1 percent and the state population grew by 9.6 percent.

The greatest percentage increase in population between the two Censuses came from Iowa County, reporting a 13.1 percent increase in population. The numerical increase in population in Iowa County between Censuses was 2,630 persons. Overall, the 90s decade was a good decade economically for Iowa County and that fact certainly contributed to the rapid population increase in the county. However, a more significant reason for the rapid population growth in Iowa County is its location to the west of Dane County, making the relatively less dense communities of the county attractive to those who join a rapidly growing workforce in the Madison metropolitan area.

Green County also experienced a rapid in-between Censuses grow rate, at 10.9 percent or 3,308 persons. Many of the reasons for the brisk growth in population in Green County are similar to reasons for growth in Iowa County.

The greatest numerical increase in population during the time between the two Censuses occurred in Rock County, where population increased by 12,797, a 9.2 percent rate.

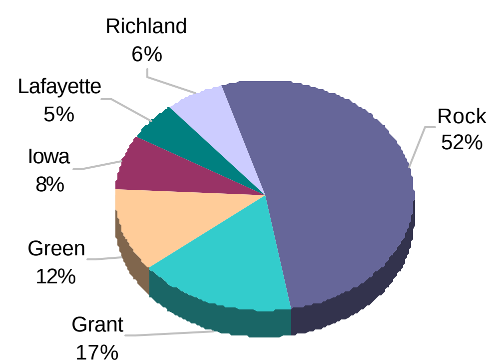
When looking at population changes at the regional level, there are a number of factors that contribute to growth or decline in the region's population. By examining the components of change in the region's population, which include births, deaths, and migration,

Total Population

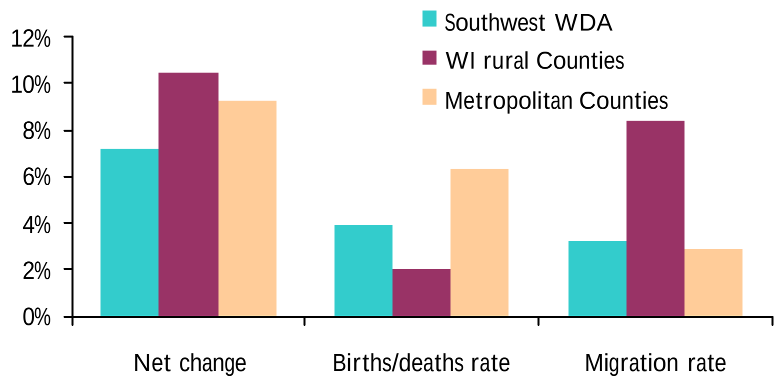
	2000 Census	January 2, 2002 Estimate	Percent change
United States	281,421,906	286,200,000	1.7%
Wisconsin	5,363,675	5,453,896	1.7%
Southwest WDA	292,392	295,989	1.2%
Grant	49,597	50,165	1.1%
Green	33,647	34,351	2.1%
Iowa	22,780	23,153	1.6%
Lafayette	16,137	16,263	0.8%
Richland	17,924	18,056	0.7%
Rock	152,307	154,001	1.1%

Source: WI Dept. of Admin., Demographic Services, 2002

2002 Population Distribution in Southwest Wisconsin



Components of Population Change in Southwest WDA
Compared with other rural & metropolitan counties



	Total increase 1990-2000	Increase from Births - Deaths	Increase from Migration
Southwest WDA	19,532	10,781	8,751
WI rural Counties	162,770	31,627	131,140
Metropolitan Counties	309,136	212,060	97,079

Source: WI Dept. of Admininstration, Demographic Services, 2001

An area's growth is affected by economic opportunities that attracts new residents to migrate to the area and by the existing population's age and culture which affects the birth rate of the area. The graph at the right shows the impact of net migration compared to natural increase (births minus death) during the last decade.

Fifty-five percent of the region's population increase between the two Censuses came from a net natural increase in population in Southwest Wisconsin. However, it should be noted that the urban metropolitan county of Rock accounted for 65.5 percent of the total increase in Southwest region population during the decade and about two-thirds of the population increase in Rock County was from a net natural increase in population.

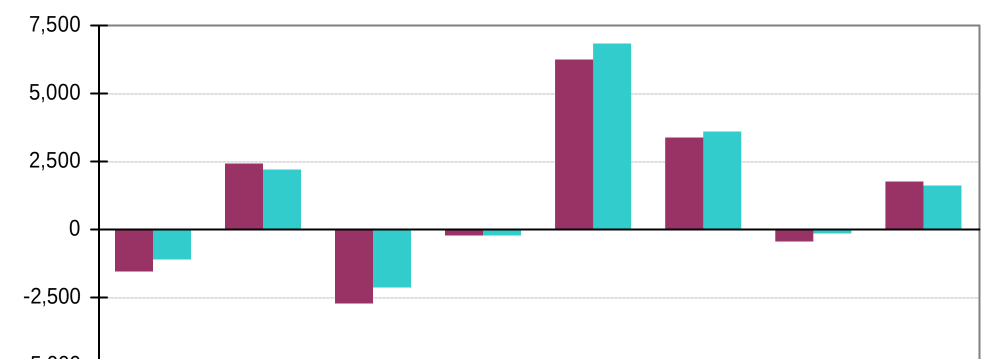
Increases in population from net migration were a huge component of total population increases in Green and Iowa County, accounting for 73 and 65 percent of total population increases respectfully. While no specific data exists to suggest where much of this migration is originating from, construction patterns in the area suggest that a strong flow of residents to and from Dane County exists.

In Grant and Lafayette Counties the entire population increase came from natural increase. These two counties had a net negative migration rate during the 90s decade. Population by age demographics for these two counties suggest that these two counties are having difficulties retaining their younger population after they graduate from high school. Many Southwest Wisconsin counties are experiencing similar difficulties.

In terms of age cohorts the fastest growing segment of the region's population during the 90s decade was the 40 to 49 and the 50 to 59 age cohorts. This treat will continue as the baby boom generation makes its way through the population. These large groups will be looking at retirement during the next ten to twenty years, and will leave a void when they do retire. The generations to follow the boomers in Southwest Wisconsin will not be large enough to cover all the workers leaving the Southwest workforce due to retirement. In fact, as detailed by the chart in the lower left hand corner, Southwest Wisconsin's 20-29 and 30-39 year old age cohorts declined during the 90s decade.

The same demographic issue, the largest workforce in American history moving quickly toward retirement is a problem throughout much of America. It is most notable in the upper Midwest states, including Wisconsin.

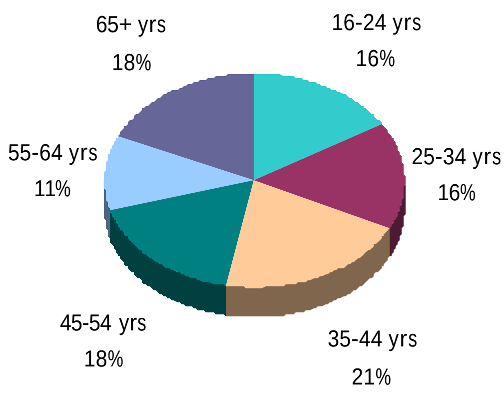
Population Change in 10-year Age Groups by Sex
1990 - 2000 in Southwest Wisconsin



	0-9 yrs.	10-19 yrs.	20-29 yrs.	30-39 yrs.	40-49 yrs.	50-59 yrs.	60-69 yrs.	70+ yrs.
Female	-1,528	2,385	-2,715	-219	6,219	3,406	-426	1,724
Male	-1,105	2,196	-2,128	-211	6,870	3,625	-131	1,570

Source: WI Dept. of Admin., Demographic Services, 2002

Southwest County Labor Force Age Groups



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

Currently, 18 percent of the regional population is over the age of 65, slightly higher than in the nation (15 percent) and state (17 percent). This share will increase in the next two decades. The implications of this increase are staggering, especially as they effect the labor force.

By definition of the US Bureau of Labor Statistics, the labor force age population includes all residents 16 years old and older that are potentially able to work (it does not include institutional residents or active duty military personnel). The chart above illustrates the distribution of the labor force age population in Southwest Wisconsin by age groups. Even though the labor force age population numbers 225,513 residents, roughly 18 percent of that population is 65 years old and over. The large share of elderly effects the supply of labor in two ways.

The first is more obvious because we associate retirement with aging. As retirements increase employers need to find replacements from the younger workforce or decide not to fill the vacancy. So, even though there are about 40,600 residents over 65 years old in the labor force age population, few of them participate in the labor force.

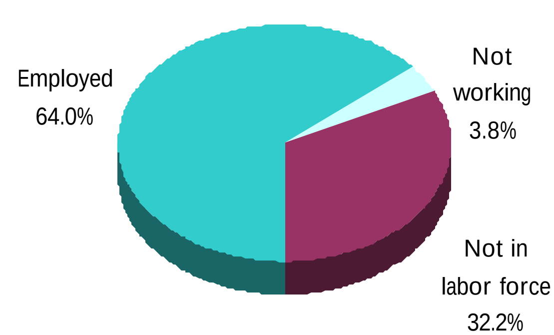
The second effect of an older population is that they increase the need for workers who will care for them and help them acquire the 'good-life'. They want improved healthcare, more leisure activities, and fewer household chores. Many of these jobs are filled by younger workers and in the years to come, the number of young residents entering the labor force will be fewer than the number of retirees.

In the last two decades employment growth has relied on an abundant workforce to fill the jobs created by employer expansion. In the next two decades there will be no labor force expansion. There will be fewer young people to work in 'entry-level' jobs. If employer expansion is to occur it will have to be through improved productivity, creative scheduling, and/or accommodations to include an older workforce.

The "participation rate" is the percentage of the total resident population, aged 16 and over, who are working or seeking employment. Many social and economic factors influence the participation rate in a given area. The number one reason for the dramatic shift in the rate during the last 20 years has been caused by the increasing number of females entering the workforce.

In 2001, the participation rate in Southwest Wisconsin was 67.8 percent. . Southwest's participation rate noticeably below the state average participation rate (73.5) and is roughly even with the national rate of participation (67.2) . Southwest Wisconsin had the 9th highest participation rate out of Wisconsin's 11 Workforce Development Areas in 2001. It is likely that the ageing of the Southwest workforce has already had a downward effect on the participation rate in the area and will continue to do so.

Southwest 2001 Labor Force Participation



Source: WI DWD, Local Workforce Planning Section, 2002